

SYSTEM FOR PAYMENT OF SERVICE FEES**BACKGROUND OF THE INVENTION****1. Field of the Invention.**

5 This invention relates generally to a system for the payment of service fees using a constant payment amount per period of time, and relates more specifically to a system for the payment of professional service fees in which subscribers pay a set fee each time period to a central clearinghouse and are entitled to a certain quantity of professional services during that time period.

10 2. Prior Art.

There are two traditional systems of payment for professional services. The first is fee for service in which the consumer contacts a professional service provider, engages the professional service provider to provide the professional services, and pays the professional service provider a fee for providing the specific professional service. The
15 second is insurance in which the consumer prepays an insurance provider for an insurance policy to cover the particular professional field, contacts the professional service provider to provide the professional service, and the professional service provider obtains payment for providing the specific professional service from the insurance provider.

The rise of insurance to pay for professional services is a relatively new
20 phenomenon that, according to many professional service providers, has or has the potential to decrease the quality of service provided by the professional service providers. Many insurance companies require the professional service providers to accept a lower fee from the insurance company to be part of the insurance companies' list of acceptable service providers. This has the effect of or the potential to have the effect of forcing
25 professional service providers to provide a lower quality service or to provide less service for the same cost or else the professional service providers' salary will suffer. While some professional service providers accept this as a way of doing business and are willing either to spend less time with each client or to provide less service, many do not and prefer to provide the appropriate level of customer service for the appropriate fee.

30 In the health care industry, the rise of insurance has created a system in which health care professional service providers are faced with the choice of providing less

service for the same fee or providing the same level of service for a lower fee. Both of these choices are unacceptable to many health care professional service providers who believe that the health care professional service provider is the proper person to determine the level of care necessary of a patient, and not the insurance company. Insurance has had the effect of polarizing the health care community into at least three groups: professional service providers who do not accept insurance and charge a fee for service; professional service providers who accept insurance and have agreed to limit the services provided to the patient or to accept lower fees for the same service; and professional service providers who work for the insurance companies themselves. In almost every instance, health care professional service providers have had to accept lower income levels.

Before insurance, a client would contact a professional service provider, contract for a service, and pay for that service. Payment was in many forms, such as money or barter. When insurance was developed for professional services, typically the insurance covered the extraordinary services, not the ordinary services. For example, typical maintenance on a car was paid for by the consumer, while repairs for an accident were paid for by the insurer. Likewise, ordinary doctor's visits for yearly check-ups and for diagnosing the flu or other common illnesses were paid for by the patient, while medical emergencies such as broken bones or major illnesses were paid for by the insurer.

However, relatively recently, insurance has been used to cover all manners and modes of professional services, both low and high cost, both ordinary and extraordinary, and both traditional and non-traditional.

The rise of the use of insurance has had the effect of causing the consumer to rely on insurance for almost all professional services, contributing to a rise in insurance rates, a rise in the provision of unnecessary services, and a rise in costs for those who use insurance properly and are now paying higher rates to cover those who do not use insurance properly. In effect, the typical health insurance now covers all medical services, from yearly check-ups to brain surgery, and the cost of the insurance is reflected by this. In the past, health insurance typically only covered the major, and generally high cost, medical services such as brain surgery, leaving the patient to pay for the minor, and typically low cost, medical services such as yearly check-ups. Because major medical

services are rarely needed, an insurance product to cover such services typically has a reasonable cost.

One system for funding future liability of uncertain costs is set out in two patents to Roberts, US Patents Nos. 4,642,768 and 4,722,055. The system disclosed and claimed in both Roberts' patents uses an insurance investment program to provide an investor a future return adequate to fund an uncertain future liability whose cost can be projected on the basis of current cost data. Specifically, the Roberts invention projects the cost of the future liability, such as the cost of a college education for a child, and determines the present investment rate needed to fund the future college costs. While the Roberts systems are adequate for insuring a future cost, they do not apply to the situation where both an unknown type and an unknown quantity of services may be needed.

One system for managing health insurance is set out in US Patent No. 5,235,507 to Sackler, et al. The systems disclosed and claimed in Sackler is a computer system for verifying insurance status, identifying the proper insurance carrier, calculating the amount to be paid to the service provider, paying the provider, calculates the amount to be paid by the consumer, and debits the account of the consumer for the proper amount. The Sackler system is a system for distributing insurance payments and is not a stand-alone payment system allowing for the prepayment of professional services at set costs and fees.

Thus it can be seen that there exists a need for a system for the payment of professional services that allows the consumer to pay for the minor low cost services through monthly payments and lowered direct payments so as to lower the overall cost of the services and to prevent the abuse of the insurance system. It is to this general need that the present invention is directed.

SUMMARY OF THE INVENTION

A system for payment of professional services is provided that includes the payment of a pre-determined amount by the consumer each time period to a central clearinghouse for the plan; the ability to use any professional service provider that is a subscriber to the plan; the payment of a reduced fee to the professional service provider each time the consumer contracts with the professional service provider for services, if

required; and the payment by the clearinghouse to the professional service provider for the service provided to the consumer.

To this basic system, options can be added. It is contemplated that employers can subscribe to the plan to provide professional service benefits to their employees.

- 5 Individuals can subscribe to the plan without having to pay the typically exorbitant insurance rates required of individuals. The plan can be offered over the Internet or through credit card agencies, by individual doctors, or through independent agents. Additionally, traditional insurance products can be offered in connection with the plan system.

- 10 Accordingly, it is an object of the present invention to provide a system for the payment of professional services that is not an insurance product yet allows the consumer (to have set payments per time period) and set payments to professional service providers. ✓

- Another object of the present invention is to provide a system for the payment of professional services outside of the current insurance system to cover the ordinary and/or
15 basic professional services at a cost-effective rate and in an efficient manner.

- Another object of the present invention is to provide a system for the payment of professional services that allows the professional service providers to determine their own rates and levels of service provided based on historical data, thus allowing the professionals to provide the proper level of service at the proper price without the need
20 for insurance.

Another object of the present invention is to provide a system for the payment of common and basic medical services, such as those provided by the general practitioner doctor, at costs more indicative of what the services should cost without the need for insurance to cover such basic medical services.

- 25 Another object of the present invention is to provide a system for the payment of common and basic medical services, such as those provided by the general practitioner doctor, in combination with an insurance product to cover major medical services, thus reducing the overall costs to the average consumer.

- Another object of the present invention is to provide a system for the payment of
30 professional services that allows the professional service provider to establish appropriate

fees for each service and to provide the appropriate level of service without having an insurance company decide what level of service should be provided to the consumer.

Another object of the present invention is to provide a system for the payment of professional services that allows the professional service provider to receive monthly fee payments of a predetermined amount regardless of whether professional services were rendered or the quantity of services rendered thus creating a more stable and predictable cash flow for the professional service provider.

These objects and other objects, features and advantages of the present invention, will become more apparent of one of ordinary skill in the art when the following detailed description of the preferred embodiments is read in conjunction with the appended drawing figure.

BRIEF DESCRIPTION OF THE DRAWING

Fig. 1 illustrates the flow chart of the systemology of the system for payment of professional services of the present invention.

DETAILED DESCRIPTION OF THE PREFERRED EMBODIMENTS

The system for payment of professional services disclosed herein comprises at a minimum professional service providers who provide professional services, consumers to whom the professional services are provided, and a central clearinghouse to administer the financial aspects of the system. Other aspects can be added and also will be disclosed. The central clearinghouse can itself be administered by a data processing system comprising one or more central computers either connected to or able to be accessed by remote point-of-provision stations.

As shown in Fig. 1, in general, the central clearinghouse 12 contracts with professional service providers 14 to provide professional services to consumers 16 under the system. Clearinghouse 12 and providers 14 agree on terms for the provision of services by providers 14 to consumers 16, including the type of services to be provided, the quantity of services to be provided, the payment to providers 14 from clearinghouse 12, and the payment from consumers 16 to providers 14. Clearinghouse 12 and consumers 16 agree on terms for the receipt of services by consumers 16 from providers

14, including the type of services to be provided under the system, the payment to clearinghouse 12 from consumers 16, and the payment from consumers 16 to providers 14.

Clearinghouse 12 maintains a database of consumers, providers, unit payments to providers 14, unit payments from consumers 16 to clearinghouse 12, and unit payments from consumers 16 to providers 14. Further, clearinghouse 12 maintains a record of consumer transactions and can be used to determine the efficiency and cost-effectiveness of the system for periodic updating.

The following example will use the health care industry as the user of the system of the present invention. Specifically, the providers 14 will be general practitioner doctors providing the basic medical services. It has been found that the present system operates in an efficient and cost effective manner when used in connection with the provision of common or basic services rather than uncommon or unusual services. However, the present system can be used in any situation where services are provided to consumers 16 and the instant invention should not be limited to the health care industry.

The system is based on the payment of monthly (or any predetermined time period) fees by patients 16 to clearinghouse 12 in exchange for the ability to obtain a certain type and quantity of services from doctors 14 per predetermined time period. For example, patient would select a primary care doctor 14 from a list of doctors 14 subscribing to the plan. Patient 16 will pay clearinghouse 12 a monthly services fee to obtain a set of services from this primary care doctor, including for example, four office visits for common illnesses, four blood screenings, and one emergency visit within an agreed upon time period. Clearinghouse 12 would administer the payments and would pay to the primary care doctor 14 an agreed upon monthly fee, which typically is the monthly services fee less any administrative and other costs incurred by clearinghouse 12, including profits, if clearinghouse 12 is run as a for profit organization. Additionally or alternatively, clearinghouse 12 also can collect an administrative fee from patient 16 to cover such items as application costs and the like, and an administrative fee from doctor 14.

Patient 16 then can obtain from primary care doctor 14 the agreed upon services during the agreed upon time period. If patient 16 does not obtain the full quantity of

services from primary care doctor 14, patient 16 does not obtain a refund or credit, and primary care doctor 14 still receives his or her monthly fee from clearinghouse 12.

Alternatively, pro rata refunds can be a part of the system, if desired. If patient 16 does obtain the full quantity of services from primary care doctor 14, if patient 16 needs

5 additional service from primary care doctor 14, patient 16 will be responsible for paying the primary care doctor's 14 stated fee for the particular service. Alternatively, the system can provide for reduced fees for any services rendered by doctors 14 over and above the quantity of services provided for by the system.

10 In addition, for each visit by patient 16 to doctor 14, patient 16 will be responsible for a payment directly to doctor 14. This payment can be analogized to the deductible payment many patients must pay under typical insurance plans when visiting doctors. Such payments are made only when visiting doctor 14 and are not part of the monthly payment or deducted from the monthly payment. Alternatively, the system can provide for no per visit payment.

15 To initiate the process, clearinghouse 12 and doctors 14 agree on certain terms. These terms include, for example, the type of services to be provided by doctors 14 to patients 16, the quantity of services to be provided by doctors 14 to patients 16, the monthly fee to be paid by clearinghouse 12 to doctors 14, and the fee (if any) to be paid by patients 16 to doctors 14 each time patients 16 obtain services from doctors 14. Once
20 these terms are decided, the system plan is offered to patients 16. Patients 16 select a primary care doctor 14 from the doctors 14 subscribing to the plan and use that particular doctor 14 for providing the services offered under the plan. Once doctor 14 is selected, clearinghouse notes doctor 14 has been selected by patient 16, and doctor 14 begins to receive the set monthly payments from clearinghouse 12. When patient 16 visits doctor
25 14 for the specified services, patient 16 will pay to doctor the agreed visitation fee, if any. Doctor 14 receives no additional payments from patient 16 or clearinghouse 12.

Alternatively, the system can provide for a smaller monthly fee to doctor in consideration for an additional per visit fee for clearinghouse 12 to doctor 14.

30 Patients 16 that contact doctors not subscribing to the plan system are liable to the non-subscribing doctors for those doctors' normal charges. The plan does not pay non-subscribing doctors any fees for providing services to subscribing patients 16. Likewise,

the plan does not refund any fees to patients 16 who obtain services from non-subscribing doctors. Alternatively, the system can provide for some type of payment to non-subscribing doctors, or some type of reimbursement to subscribing patients 16, for services rendered to subscribing patients 16 from non-subscribing doctors.

5 It should be noted that the system plan could be continuously evolving. For example, additional services can be added to the plan by doctors 14, monthly fees paid by patients 16 can be changed, monthly fees paid to doctors 14 can be changed, per visit fees can be changed, and doctors 14 can be added or removed from the plan.

10 Several additional optional aspects are contemplated for the system. In no particular order, some of these aspects are discussed below. First, patients 16 subscribing to the system plan can recommend particular doctors to the plan. Clearinghouse 12 then can contact the recommended doctors to attempt to have the recommended doctors subscribe to the plan.

15 Second, although the system is most efficient for the provision of primary, or basic, services, the system can be used for less basic and more unusual services. For example, in the health care example, the preferred plan is for general basic medical services such as yearly check-ups and routine blood work. An alternative plan can be constructed for less basic medical services such as dermatological work or dental work. Likewise, in the legal field, the preferred plan is for general basic legal services such as
20 wills and mortgages, while an alternative plan can be constructed for less basic legal services such as patents and litigation.

25 Third, the plan can keep a database of common and preferred rates for various services. Although in its preferred embodiment, each provider 14 determines his or her own fee schedule, having a common database of common and preferred rates can allow providers 14 to set fee schedules at an appropriate scale.

30 Fourth, the plan can be offered directly to individual patients 16, to employers 20 to provide to employees, through subscribing doctors 14, through independent product agents 22, over the Internet 24, and through credit card organizations 26. For individuals, the fees for the plan can be the same as for large organizations. This is because patient 16 selects a particular primary care doctor 16 to whom monthly fees are paid by
clearinghouse 12 and to whom visitation payments are made by patient 16. No averaging

of risk is involved such as in the typical group insurance policy. For employers 20, the employer 20 will pay clearinghouse 12 the appropriate fee per employee, each employee will select a primary care doctor 14 from the list of subscribing doctors 14, and clearinghouse 12 will pay each selected doctor 14 the appropriate monthly fee.

5 Subscribing doctors 14 can offer the plan to current and potential patients 14 and can act as the initial payment receiver to start the plan. Independent product agents 22 can offer the plan as a product. Clearinghouse 12 will pay an agent's fee for selling the plan product. Patients 14 can subscribe to the plan over the Internet 24 by completing interactive forms on the plan's website and by charging the plan fees to a credit card.

10 Credit card organizations 26 can offer the plan as a value-added service to credit card holders and the plan fees can be charged to patients' credit cards. Credit card organizations 26 will benefit by charging a small fee for providing the service and/or by collecting interest on the credit card balance created when the plan charges are placed on the credit card.

15 Fifth, the plan can be offered in combination with traditional insurance products to create a complete professional services product coverage product. In the health care example, patient 16 will subscribe to the plan, which will provide coverage for the basic medical services. An excess major medical coverage insurance product can be offered in combination with the plan to cover non-basic medical expenses such as injuries suffered
20 by accidents, cancer, major illnesses, birthing and the like. It is contemplated that the cost efficiencies of the plan will make it cost effective to offer the plan in combination with an excess major medical insurance product and still be competitively price relative to current medical insurance plans.

As can be seen, the system for payment of professional services disclosed herein
25 provides benefits to both the service providers and the service receivers. The service providers benefit in that they are guaranteed a monthly payment for each service receiver that selects them as a primary service provider, whether services are provided or not. This creates a more stable and predictable cash flow situation. The service receivers benefit from reduced overall costs and the knowledge that they will receive a certain
30 amount of service at a set cost. By limiting the type and quantity of services provided, service providers will know that they will be required to provide only a certain amount of

services at a particular rate and will not have to reduce fees or level of service. Similarly, by limiting the type and quantity of services provided, service receivers will not be tempted to contact the service provider unnecessarily.

5 The above detailed description of the preferred embodiments and examples of the invention are for illustrative purpose only and are not intended to limit the spirit or scope of the invention as defined by the appended claims.

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